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**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re:

USA Commercial Mortgage Company,

USA Capital Realty Advisors, LLC,<sup>1</sup>

USA Capital Diversified Trust Deed Fund,  
LLC,

USA Capital First Trust Deed Fund, LLC,<sup>2</sup>

USA Securities, LLC,<sup>3</sup>

Debtors.

**Affects:**

- ☐ All Debtors  
☒ USA Commercial Mortgage Company  
☐ USA Capital Realty Advisors, LLC  
☐ USA Capital Diversified Trust Deed Fund, LLC  
☐ USA Capital First Trust Deed Fund, LLC  
☐ USA Securities, LLC

Case No. BK-S-06-10725-LBR  
Case No. BK-S-06-10726-LBR<sup>1</sup>  
Case No. BK-S-06-10727-LBR  
Case No. BK-S-06-10728-LBR<sup>2</sup>  
Case No. BK-S-06-10729-LBR<sup>3</sup>

**CHAPTER 11**

Jointly Administered Under Case No.  
BK-S-06-10725 LBR

**DECLARATION OF EDWARD M.  
BURR IN SUPPORT OF MOTION  
TO FURTHER EXTEND DEADLINE  
TO FILE OBJECTION TO  
ALLOWANCE OF CLAIMS; AND  
CERTIFICATE OF SERVICE**

Date: May 11, 2010  
Time: 9:30 a.m.

I Edward M. Burr, hereby declare under penalty of perjury that:

I am a principal with Sierra Consulting Group, LLC ("Sierra").

<sup>1</sup> This bankruptcy case was closed on September 23, 2008.

<sup>2</sup> This bankruptcy case was closed on October 12, 2007.

<sup>3</sup> This bankruptcy case was closed on December 26, 2007.

1 I submit this declaration on behalf of the Motion to Further Extend Deadline to File  
2 Objection to Allowance of Claims (the "Motion") [DE 8033] filed by the USACM  
3 Liquidating Trust (the "USACM Trust"), as successor to USA Commercial Mortgage  
4 Company ("USACM").

5 Sierra previously served as financial adviser to the Official Committee of  
6 Unsecured Creditors of USA Commercial Mortgage Company ("Committee").

7 I assisted the Committee in analyzing facts concerning these jointly administered  
8 bankruptcy cases, including scheduled liabilities and proofs of claim. The Committee  
9 ceased to exist on March 12, 2007, the Effective Date of the Debtors' Third Amended  
10 Joint Chapter 11 Plan of Reorganization ("Plan"), and I am now assisting the USACM  
11 Liquidating Trust ("USACM Trust") created under the Plan.

12 I make the following declaration based upon my personal knowledge, and upon the  
13 records of the Debtors and the USACM Trust described in this declaration.

14 I understand that under the Plan as modified by the Confirmation Order, the  
15 deadline for interested parties to object to Allowance of Claims and Equity Interests was  
16 90 days after the Effective Date, or June 10, 2007. That deadline was further extended to  
17 October 9, 2007 by a June 29, 2007 order [DE 4097] after a hearing held on June 22, 2007.  
18 The deadline was further extended to October 15, 2007 by a bridge order that was  
19 approved at a hearing held on August 23, 2007 [DE 4625]. On October 11, 2007, the  
20 Court entered an order [DE 4971] extending the deadline to February 12, 2008. On  
21 January 22, 2008, the Court entered an order [DE 5709] extending the deadline to June 12,  
22 2008. On May 13, 2008, the Court entered an order [DE 6347] extending the deadline to  
23 October 10, 2008. On December 2, 2008, the Court entered an Order [DE 6636]  
24 extending the deadline to February 9, 2009. On February 19, 2009, this Court entered an  
25 order [DE 6843] extending the deadline to June 9, 2009. On May 7, 2009 entered an order  
26 [DE 7105] extending the deadline to October 7, 2009. On October 27, 2009 entered an

order [DE 7680] extending the deadline to February 4, 2010. On February 1, 2010 entered an order [DE 7945] extending the deadline to June 4, 2010.

To date there have been filed:

- seven administrative claims totaling \$2,016,499 — there are no unresolved administrative claims;
- 100 priority claims totaling \$6,975,181 — there is one unresolved priority claim for \$32,844;
- 1668 secured claims filed totaling \$290,860,033 — all secured claims are resolved or have been converted to unsecured claims;
- 1,241 unsecured claims totaling \$635,814,820 — as of August 31, 2009, there were \$317,343,683 unresolved unsecured claims remaining; and
- 69 unknown claims totaling \$316,496 — all unknown claims have been resolved or objected to.
- Two objections to the status of an administrative claim for \$62,496 that have been sustained, resulting in the claims being reclassified as unsecured. There are no unresolved administrative claims.
- Objections to 76 priority claims that have been sustained and reclassified as unsecured in aggregate of \$5,122,367. There is one unresolved alleged priority claim remaining for \$32,844. The Trust will be requesting that the Court hold a status conference on that matter on October 5, 2009.
- Objections to 1,659 secured claims that have been sustained and reclassified as unsecured (subject to potential further objection) in the aggregate amount of \$289,967,960. There are no unresolved secured claims that assert liens on assets owned by the Trust.<sup>4</sup>

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<sup>4</sup> Unfortunately, numerous direct loans secured by borrower property have not been resolved.

- 1           • As of August 31, 2009, \$178,660,053 in unsecured claims have been  
2           allowed and \$453,780,843 have been disallowed, leaving a total of  
3           \$211,641,798 in unresolved unsecured claims.
- 4           • Objections to 81 “wrong debtor” claims, in the aggregate amount of  
5           \$13,584,227, were sustained. The Trust believes that it has made all of the  
6           available “wrong debtor” objections.
- 7           • Objections to 158 claims for lack of documentation in the amount of  
8           \$23,447,974 have been sustained.
- 9           • Objections to 40 claims based on miscellaneous grounds in the amount of  
10          \$87,822,585. Thirty six of these objections have been sustained totaling  
11          \$74,163,923; 4 claims were partially deemed allowed in the amount of  
12          \$13,658,662.
- 13          • Direct Lenders’ claims in the amount of \$93,073,703, principally on loans  
14          paid in full by the borrowers. The Court has sustained these objections or  
15          the claimants have agreed that they are not making a claim based upon the  
16          paid loan in question. 19 claims totaling \$743,293 in the Rio Rancho,  
17          Beastar, and Beau Rivage loans.
- 18          • A stipulation has been executed and an order signed which provides for the  
19          disallowance of the Spectrum and Weddell proofs of claim in the amount of  
20          \$125,000,000.
- 21          • Thirty-two objections to claims based on the Palm Terrace lawsuit totaling  
22          \$64,000,000; of which 31 claims have been disallowed in their entirety and  
23          one claim was deemed partially allowed in the amount of \$50,000 with the  
24          remaining portion of the claim disallowed. Thus, \$63,950,000 of the Palm  
25          Terrace Claims have been disallowed.
- 26

1 The Trust prosecuted objections to claims, including the Loans known as Opaque  
2 Mt Edge \$7,350,000; HFA Riviera; HFA Riviera 2<sup>nd</sup>; Hasley Canyon; Fiesta Beaumont  
3 \$2.4 million; Ashby Financial Company \$7,200,000; Glendale Tower Partners, LLC;  
4 Golden State Investments II; 5252 Orange, LLC; Midvale Market Place, LLC; Urban  
5 Housing Alliance – 435 Lofts Loan; Boise/Gowen 93, LLC; LCG Gilroy, LLC; J Jireh's  
6 Corporation; One Point Street, LLC – HFA North Yonkers; Goss Road Loan; Elizabeth  
7 May Real Estate Loan; Slade Development; Wasco Investments, LLC; I-40 Gateway  
8 West, LLC 2nd; Cottonwood Hills, LLC; Standard Property Development, LLC; Meadow  
9 Creek Partners; I-40 Gateway West; Gateway Stone; Palm Springs Marquis Hotel; Roam  
10 Development; Del Valle Isleton; Preserve at Galleria; and Copper Sage Commerce I. The  
11 Trust has other adversary proceedings pending that constitute claims objections.

12 Further, as the Trust has received information from claimants, it has entered into  
13 stipulations for the allowance and disallowance of priority and unsecured claims.  
14 Conversely, some claimants have stipulated to either withdraw their claims or have them  
15 reclassified as unsecured claims upon discussion with the USACM Trust's counsel.

16 Not all of the claims objections can be resolved through motions. The Court has  
17 ordered that the Trust's objection to claim 1366 of Los Valles Land & Golf, LLC be  
18 consolidated with a related adversary proceeding filed by the Trust against Los Valles and  
19 its guarantor, Dan S. Palmer, Jr.

20 USACM Trust has 99 direct lender loans on record for which investors have filed a  
21 proof of claim asserting money owed. To date USACM Trust has objected to proofs of  
22 claims based on 27 of these loans for having been repaid in full. There are 3 additional  
23 paid in full loans that also have amounts scheduled for unremitted principal. USACM  
24 Trust has objected to the proofs of claims based on these loans, USACM Trust has  
25 objected to the difference between the amount asserted on the proof of claim and the  
26 predetermined amount allowed as an unsecured claim for the subject loan. There will be

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1 an additional 69 direct lender loans outstanding after these loans are resolved, the majority  
2 of these loans are being serviced by Compass Financial. USACM Trust has been unable  
3 to obtain the status of these outstanding loans from Compass Financial.

4 I make this declaration under penalty of perjury of the laws of the United States of  
5 America on April 13, 2010.

6  
7 By /s/ Edward M. Burr  
Edward M. Burr

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Copy of the foregoing served on April  
13, 2010, via e-mail or first class postage  
prepaid U.S. Mail to all parties listed on  
the Post Effective Date Service List on  
file with this Court:

s/Renee L. Creswell

Renee L. Creswell

Lewis and Roca LLP